



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Public Hearing Regarding Engineering Fee Update

MEETING DATE: May 15, 1991

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That after conducting a public hearing, the City Council adopt a resolution updating the City's engineering fees.

BACKGROUND INFORMATION: On July 21, 1976, the City Council passed Resolution No. 4236 which established an engineering fee on new subdivisions and developments. That fee amounted to 3% of the off-site improvement cost estimate used to determine the project's improvement security. The purpose of this engineering fee was to cover the City's cost of processing and checking improvement plans and maps, and construction inspection. It did not include clerical or management costs such as the Public Works Director, City Attorney, etc.

Until four years ago, there was a fairly close balance between revenue collected from the engineering fee and expenses charged to the subdivision engineering account. In total, since 1976, expenses have exceeded revenues by \$312,000. However, since 1986/87, the revenue from the engineering fee only covered one half of the expenses for subdivision engineering. Annual expenses and revenue are shown in Exhibit A. Both have fluctuated with development activity.

A major reason for the growing difference between revenue and expenditures is two different types of development in the City. The first is "in-fill" projects in which most off-site improvements are already existing. These typically require minor off-site modifications. The work involved in field reviewing and designing new work to match existing improvements is disproportionately higher than just new work. The fee collected is lower because it is based solely on a percentage of the cost for installing publicly-maintained facilities. There should be fewer of these projects in the future.

The second type of project includes those with private streets and utilities. These types of projects typically have a homeowners' association to maintain the streets, sanitary sewer, and storm drain systems. The on-site water systems through these developments are publicly owned and maintained and are reviewed by the Public Works Department. Again, these projects require nearly as much effort as a standard subdivision. An engineering fee is paid for the review of the public water system and for any other publicly-maintained street improvements. Because the interior streets, storm drain, and sanitary sewer systems are privately maintained, their improvement costs are not included in the calculation of the engineering fee. This type of project will continue to be developed under the new General Plan.

APPROVED: _____

Thomas A. Peterson

THOMAS A. PETERSON
City Manager

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There are also some projects which include subdivision or parcel maps. No map processing or review fee is presently charged. San Joaquin County provides technical review of final maps. The City checks parcel maps and does easement and other checking on all maps.

A new method of collecting the plan check fee would also alleviate another existing problem. No fees are collected until the improvement plans and maps have been reviewed and the developer is ready to start construction. Staff has spent considerable time reviewing some projects that are never constructed or are redesigned before construction and therefore no fees were collected.

Other reasons for increased expenses include the following. The only administrative time charged to the subdivision engineering account is a portion of the Assistant City Engineer's time. At the inception of the fee, this portion was 30%; however, a few years ago it was increased to 40% based on an updated time analysis. Also, the Senior Civil Engineer (who charges time by time card) now supervises the inspectors; thus, some engineering time is now charged as part of inspection that was not done earlier.

Comparison With Other Cities

San Joaquin County and the cities of Stockton, Tracy, Galt, and Manteca were contacted to see how their engineering fees were collected. The rates vary, although a sliding scale is common, as well as separate fees for maps.

Exhibits B and C recap these fees and show a comparison for two recent developments.

Fee Increase

If the City is to attempt to cover most of its costs in processing new developments, an increase in the fee is needed. Exhibits D and E present recent historical data and estimates of future expenses. Based on estimates of future expenses, a 41% increase is needed, assuming fees already cover costs. However, this is not the case. Based on three recent years, a 117% increase would have been necessary to break even.


Since much of new development will not have the same characteristics as recent development and the updated design standards will place some of the City's past work onto development, staff has developed the recommended fee schedule to provide an average increase of 80%. The exact revenue increase will depend on the size mix of developments due to the sliding scale. An analysis based on three recent years is shown in Exhibit E. This recommended fee represents a 10% reduction from that presented at the shirtsleeve meeting on April 9. A subsequent public meeting with local engineers and developers was scheduled for 2:00 p.m., April 26, at the Carnegie Forum. Notices were sent to 11 local design professionals and developers. No one attended the meeting.

Recommendations

Based on the above discussion and that from the shirtsleeve meeting of April 9, the following revisions are recommended for collecting a Public Works engineering fee.

1. Charge a sliding scale fee for reviewing and processing improvement plans. The fee would be 4.5% of the engineer's estimate for the first \$50,000 worth of off-site improvements, 2.5% of the engineer's estimate for the next \$200,000 worth of off-site improvements, and 1.5% of the engineer's estimate for the cost of all off-site improvements above \$250,000.
2. Collect a "deposit" on the improvement plan check fee with the first submittal of a set of improvement plans. This non-refundable, initial plan check fee would be \$750 per sheet, or the engineer may submit a preliminary cost estimate with a submittal fee based on that estimate and the above fee schedule. The plan check submittal deposit would be credited toward the engineering fee collected prior to signing the improvement plans provided this takes place within one year of submittal or there are no substantial revisions to the plans. Plans submitted 12 months after the initial plan submittal would pay another initial plan check fee.
3. Charge a \$200 fee for processing subdivision final maps. This non-refundable fee would be due upon map submittal.
4. Charge a fee of \$250 plus \$10 per lot for checking and processing parcel maps. This non-refundable fee would be due upon map submittal.
5. Collect an inspection fee of 2.5% of the engineer's estimate for off-site improvements.
6. Rescind Resolution No. 4236 and adopt a new fee resolution implementing the above items. (Reference Lodi Municipal Code §§12.04.150, 15.44.090 and 16.20.020.)

FUNDING: None needed.


Jack L. Ronsko
Public Works Director

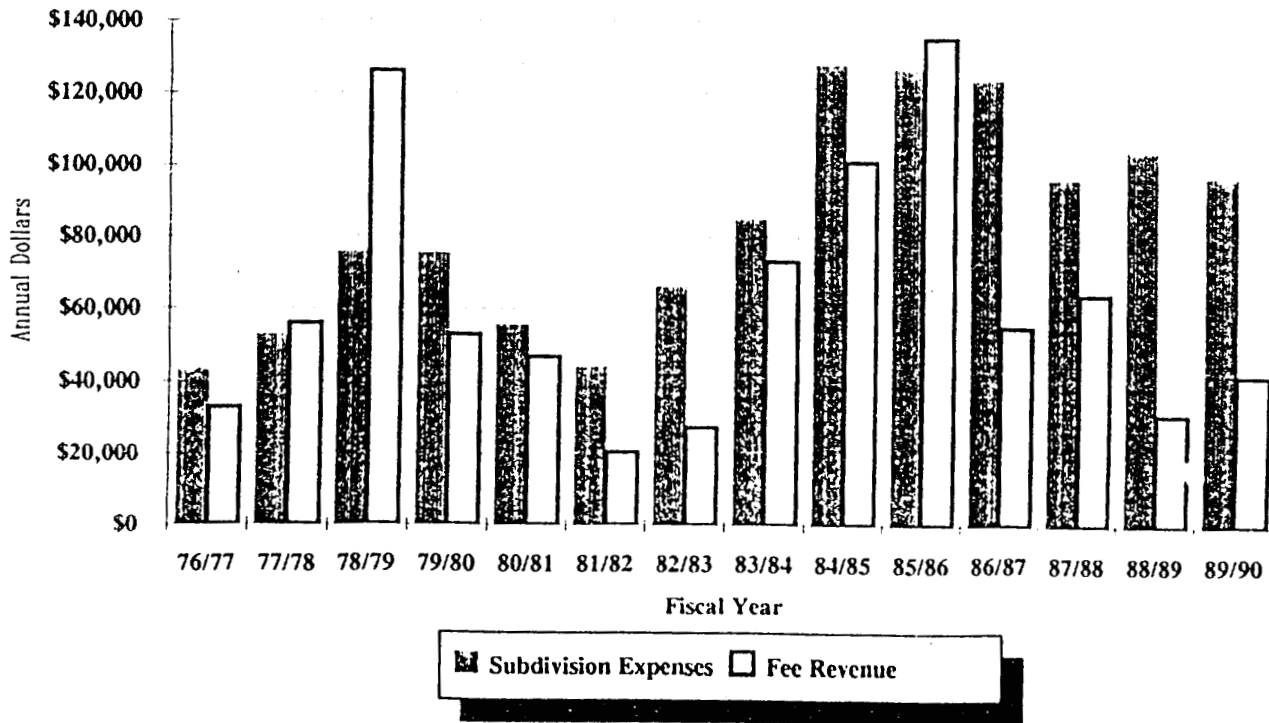
Prepared by Richard C. Prima Jr., Assistant City Engineer

JLR/RCP/mt

Attachments

cc: Senior Civil Engineer
Assistant Civil Engineer
Interested Parties

City of Lodi Engineering Fee Study



ENGRFEEXLC

Exhibit A

Exhibit B

COMPARISON OF ENGINEERING FEES
April 1991

San Joaquin County

Improvement plans	5.5% to \$25,000 3.0% next \$225,000 1.75% above \$250,000
Final & Parcel Maps	\$300 + \$20/lot
Inspection	4% to \$200,000 3% \$201,000 to \$500,000 2.5% \$501,000 to \$1,000,000 2% over \$1,000,000

City of Stockton

Improvement plans	5.5% to \$25,000 3.0% next \$225,000 2.0% above \$250,000	Note: All percentages of \$ amounts refer to the cost of public improvements.
Final Maps	\$400 + \$10/lot	
Parcel Maps	\$300 + \$10/lot	
Inspection	3.5% of Engineer's Estimate	

City of Tracy

Impr. Plans & Final Maps	3.25% of Engineer's Estimate, (\$200 Minimum)
Parcel Maps	\$250
Inspection (Final Maps)	2.5% above \$100,000 3.5% below \$100,000
Inspection (Parcel Maps)	2.0% above \$100,000 3.5% below \$100,000, (\$2000 minimum)

City of Galt

Improvement Plans	5.0% up to \$100,000., 1.5% of amount above
Final Maps	\$433 + \$5/lot 1-25 lots, \$3/lot 26-50 lots, \$2/lot 51-75 lots \$1/lot 76+ lots
Parcel Maps	\$216 + \$5/lot
Inspection	3.0% of Engineer's Estimate

City of Manteca

Improvement Plans, Maps, & Inspection	2.0% of Engineer's Estimate	Note: Staff is presently evaluating an increase.
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City of Lodi - Existing

Plans & Inspection	3.0% of Engineer's Estimate
Final & Parcel Maps	none
Plan Submittal Deposit	none

City of Lodi - Proposed

	April	Revised
Improvement plans	5.5% to \$25,000 3.0% next \$225,000 2.0% above \$250,000	4.5% to \$50,000 2.5% next \$200,000 1.5% above \$250,000
Final Maps	\$200	same
Parcel Maps	\$250 + \$10/lot	same
Inspection	2.5% of Engineer's Estimate	same
Plan Submittal Deposit	per estimate or \$750/sheet	same

(Fees current as of April 3, 1991)

ENGINEERING FEE COMPARISON OF TYPICAL SUBDIVISIONS

	San Joaquin County	Stockton	Tracy	Galt	Manteca	Lodi (Existing)	Lodi (Proposed)
Mokelumne Village East							
Engineer's Estimate: \$290,000							
38 Lots							
Improvement Plans	\$8,825	\$8,925	\$9,425	\$7,850	\$5,800	\$8,700	\$7,850
Final Map	\$700	\$600	Included	\$533	Included	Included	\$200
Inspection	\$10,700	\$10,150	\$7,250	\$8,700	Included	Included	\$7,250
TOTAL	\$20,225	\$19,675	\$16,675	\$17,083	\$5,800	\$8,700	\$15,300
						previous proposal:	\$16,375

Sunwest No. 9							
Engineer's Estimate: \$137,000							
15 lots							
Improvement Plans	\$4,735	\$4,735	\$4,453	\$5,555	\$2,740	\$4,110	\$3,925
Final Map	\$600	\$550	Included	\$508	Included	Included	\$200
Inspection	\$5,480	\$4,795	\$3,425	\$4,110	Included	Included	\$3,425
TOTAL	\$10,815	\$10,080	\$7,878	\$10,173	\$2,740	\$4,110	\$7,550
						previous proposal:	\$8,360

Note: The above fees are current as of 4/3/91.

SUBDFEE.XLS

Exhibit C

Subdivision Engineering Account

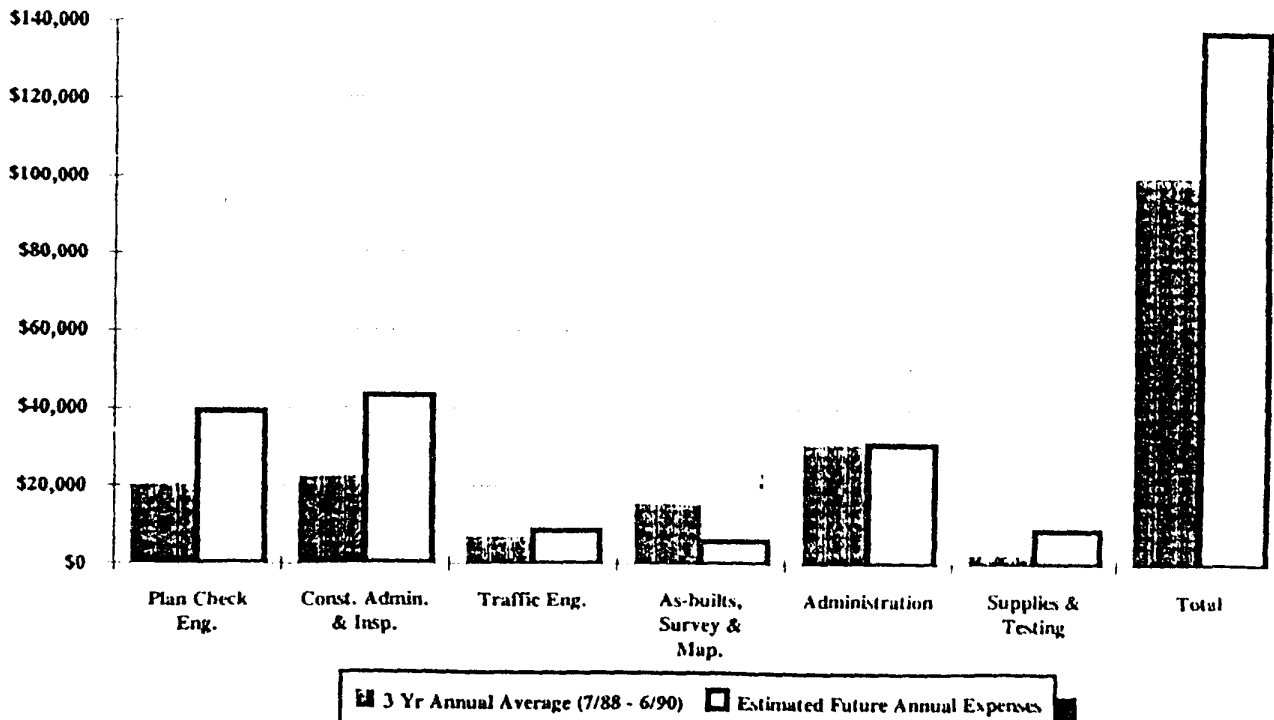


Exhibit D

SUBDENG3.XLC

Exhibit E**Engineering Fees**

Annual Expenses 87/90: \$99,379 (average of previous 3 fiscal years)
Estimated Future Annual Expenses: \$140,000 41%
(anticipated increase
in expenses)

Actual Revenue: \$137,438 (total of previous 3 fiscal years)

Actual Expenses: \$298,138 117%
(increase in revenue
required based on
historical expenses)

Analysis of projects for 3 previous fiscal years:

Project Size	Number	Present Fee	Proposed Fee	% Increase
Incomplete (dropped):	3	\$0	\$4,220	N/A
Less than \$50,000:	10	\$7,070	\$19,047	169%
\$50,000 to \$250,000:	10	\$31,770	\$64,890	104%
Over \$250,000:	8	\$103,620	\$167,870	62%
Total/Average:	31	\$142,460	\$256,027	80%

Proposed Engineering Fees

Improvement plan Check	4.5% to \$50,000 2.5% of next \$200,000 1.5% of amount above \$250,000
Final Maps	\$200
Parcel Maps	\$250 + \$10/lot
Inspection	2.5% of Engineer's Estimate
Plan Submittal Deposit	per estimate or \$750/sheet (non refundable)

RESOLUTION NO. 91-91

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A RESOLUTION OF THE LODI CITY COUNCIL
AMENDING THE CITY'S ENGINEERING FEES AND RELATED PROCEDURES,
AND RESCINDING RESOLUTION NO. 4236 PERTAINING THERETO

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WHEREAS, the Lodi City Council in 1976 adopted Resolution No. 4236 - Establishing A Subdivision and Development Engineering Fee - and which fee, excluding administrative costs, was established as 3% of the cost of installing public improvements; and

WHEREAS, the City is now experiencing different types of development within the City than was existent when Resolution No. 4236 was adopted; and

WHEREAS, the cost of providing said engineering, inspection and testing services, including administrative costs far exceeds the 3% adopted in Resolution No. 4236; and

WHEREAS, it is deemed prudent and in the City's best interest to establish a new method of collecting plan check fees;

NOW, THEREFORE, BE IT RESOLVED, by the Lodi City Council that the following engineering fee charges and amended procedures shall apply on new subdivisions and developments:

1. A sliding scale fee shall be charged for reviewing and processing improvement plans. The fee shall be 4.5% of the engineer's estimate for the first \$50,000 of off-site improvements, 2.5% of the engineer's estimate for the next \$200,000 of off-site improvements, and 1.5% of the engineer's estimate for the cost of all off-site improvements above \$250,000.
2. An improvement plan check fee shall be collected with the first submittal of a set of improvement plans. This non-refundable, initial plan check fee shall be \$750 per sheet, or the engineer may submit a preliminary cost estimate with a submittal fee based on that estimate and the above fee schedule. The plan check submittal deposit shall be credited toward the engineering fee collected prior to signing the improvement plans, provided this takes place within one year of submittal, or provided there are no substantial revisions to the plans. Plans submitted 12 months after the initial plan submittal shall be required to pay another initial plan check fee.
3. A \$200 fee shall be charged for processing subdivision final maps. This non-refundable fee would be due upon map submittal.

Resolution No. 91-91
May 15, 1991

4. A fee of \$250 plus \$10 per lot shall be charged for checking and processing parcel maps. This non-refundable fee shall be due upon map submittal.
5. An inspection fee of 2.5% of the engineer's estimate for off-site improvements shall be collected.

AND BE IT FURTHER RESOLVED, in the adoption of these new engineering fees and amended procedures, reference is hereby made to Lodi Municipal Code Sections 12.04.150 - Encroachment Permit, Fees, 15.44.090 - Off-Site Improvements and Dedications, Fees, and 16.20.020-Map Fees - Final and parcel maps; and

FURTHER RESOLVED, that this Resolution shall be in force and take effect 60 days from and after its final adoption.

Resolution No. 4236 is rescinded upon the adoption of this Resolution.

Dated: May 15, 1991

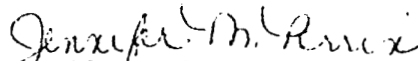
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I hereby certify that Resolution No. 91-91 was passed and adopted by the Lodi City Council in a regular meeting held May 15, 1991 by the following vote:

Ayes: Council Members - Pennino, Pinkerton, Sieglock, Snider
and Hinchman (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Jennifer M. Perrin
Deputy City Clerk

for Alice M. Reimche
City Clerk

91-91

RES9191/TXTA.02J

DECLARATION OF MAILING

On May 2, 1991 in the City of Lodi, San Joaquin County, California, I deposited in the United States mail, envelopes with first-class postage prepaid thereon, containing a copy of the Notice attached hereto, marked Exhibit "A"; said envelopes were addressed as is more particularly shown on Exhibit "B" attached hereto.

There is a regular daily communication by mail between the City of Lodi, California, and the places to which said envelopes were addressed.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 2, 1991, at Lodi, California.

Alice M. Reimche
City Clerk

Jennifer M. Parrin
Jennifer M. Parrin
Deputy City Clerk



CITY OF LODI

CARNEGIE FORUM
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: May 15, 1991

Time: 7:30 p.m.

For information regarding this Public Hearing
Please Contact:

Alice M. Reimche
City Clerk

Telephone: 333-6702

NOTICE OF PUBLIC HEARING

May 15, 1991

NOTICE IS HEREBY GIVEN that on Wednesday, at the hour of 7:30 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing to consider the following matter:

- a) Amending engineering fees for passing and checking public improvement plans prepared by private developers.

All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the Public Hearing.

By Order Of the Lodi City Council:

Jennifer M. Perrin
for Alice M. Reimche
City Clerk

Dated: May 1, 1991

Approved as to form:

B W McNatt
Bobby W. McNatt
City Attorney

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ENGINEERING FEE UPDATE MAILING LIST, 4/19/91

$\frac{1}{2}$ Design Stds